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C O N F I D E N T I A L BUDAPEST 001784

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DEPARTMENT FOR EUR/NSCE; PLEASE PASS TO NSC

E.O. 12958: DECL: 10/28/2017

TAGS: [PREL](#) [PGOV](#) [PINR](#) [HU](#)

SUBJECT: 2 GUYS NAMED KAROLY: NEW FACES WIELD NEW INFLUENCE
ON FOREIGN AFFAIRS

Classified By: P/E COUNSELOR ERIC V. GAUDIOSI; REASONS 1.4 (B) AND (D)

¶1. (C) Both the government and the opposition are paying unaccustomed attention to the substance and the stylistics of foreign policy. This has been particularly evident in their realignment of personnel, with the Prime Minister's Office (PMO) and FIDESZ turning to two ironically similar staffers to help present the best possible face to the diplomatic community.

GOVERNMENT, OPPOSITION CALL TO THE BULLPEN

¶2. (C) At the PMO, Ambassador Karoly Banai continues to impress with his grasp of the issues and his commitment to the trans-Atlantic relationship. Whereas mere months ago the GoH often found itself explaining its actions, with Banai's arrival it has begun to preview its decisions and provide us with greater input in their policy process. After months of "misunderstandings," Banai has worked hard to ensure that we are aware of where Hungary is going) literally and figuratively.

¶3. (C) Karoly Dan is quickly emerging as Banai's opposite number in the opposition. Formerly stationed at the Hungarian Embassy in Washington, Dan left the Ministry of Culture and Education several months ago to focus full-time on FIDESZ. He has become a fixture at the party's contacts with the Diplomatic Corps, and has proven able to deliver one of Hungary's rarest commodities: an answer from Orban. Much as Banai has a positive working relationship with opposition MPs in Parliament, Dan also seems to have the (grudging) respect of government officials.

THE MEANS OF ASCENT

¶4. (C) Although he still has a small staff and only recently moved into a permanent office, Banai is quietly making his presence known. According to sources on the Foreign Affairs Committee, Banai was instrumental in the recent decision to move MFA State Secretary Ivan Udvardi out of the Ministry to an Ambassadorial position abroad. Udvardi, known for his sharp elbows within the Ministry, was also widely rumored to oppose both our approach to Kosovo status and the GoH decision to deploy forces to southern Afghanistan. Banai supports us on both, and his success in moving) and thus effectively removing) a powerful but dissident voice attests to his growing influence. So, too, does his success in overcoming the reported opposition of FM Goncz to the deployment of Hungarian forces to assist the Dutch contingent in Afghanistan.

¶5. (C) That said, Banai cannot be everywhere. We suspect that he is not fully privy to the GoH's innermost deliberations on energy issues. Nor has he engaged fully on the tangled web of interagency coordination of Hungary's PRT in Afghanistan. Although there are clearly limits on what he

alone can do, he may also absent himself from some issues by design: we understand, for example, that the task of improving communication with Bratislava was referred to Cabinet Minister Kiss following the recent Gyurcsany-Fico meeting in Lisbon. Banai attended the meeting but managed to avoid the tasking.

¶6. (C) Dan, meanwhile, has apparently boxed out long-standing members of Orban's staff. Zsuzsa Rahoi, Orban's long-time gate-keeper, is clearly on the outs with Dan's rise, continuing a transition in the inner circle of advisors around Orban. Orban is clearly comfortable with Dan, joking about his relative youth (at age 38) and referring to "Karchi" (Charlie) as "my cell phone." We do not believe it is a coincidence that Dan's arrival has been followed by a more open and efficient relationship, including Orban's agreement to see visiting Rabbi Arthur Schneier with little advance notice on the night of a national holiday that was also his daughter's birthday.

¶7. (C) Comment: Both the government and the opposition recognize that there are points to be won (or lost) on foreign policy issues. Banai is working hard) and in our view successfully) to hold to his initial pledge of "never surprise and always deliver." Similarly, Dan is using his experience in their bureaucracy) and with ours) to help FIDESZ best emphasize its foreign policy positions. The result is a more open flow of communication on our priorities, and a political leadership that is making foreign affairs a variable in the domestic political equation. End Comment.

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